

Hub South East Scotland Territory Annual Report 2013-2014



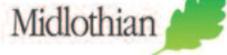
Building better local services together

Our Achievements: 2010 Onwards



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Foreword

We welcome this opportunity to record our thanks and appreciation to the many organisations and individuals who are working together to make the Hub initiative in the South East Territory a success.

During the past twelve months steady progress has been made and we have seen the opening of eight new and refurbished community facilities with an aggregate construction value of around £45m. In particular, a significant milestone has been achieved with James Gillespie's High School commencing construction in October 2013 - the first revenue financed secondary school in Scotland to reach contract award under the Hub initiative.

These new community facilities not only offer the platform for our public sector partners (Participants) to provide new and improved services, but they also have delivered additional value for money through the realisation of community benefits during construction.

Since conception in 2010, 55 new jobs having been created, as well as more than 500 work placement days and more than 11,000 construction related visits to/from pupils. In addition to this, 83% of work has gone to Scottish SMEs, so we can rightly be proud of the impact the Hub initiative has made in promoting economic growth at a local level.

The development pipeline continues to look healthy, with over £45m of work in construction and Qualifying Projects worth over £160m being taken through the Hub development process. Within this, four Design, Build, Finance and Maintain (DBFM) projects worth more than £125m (including the first phase of the redevelopment of the Royal Edinburgh Hospital) are programmed to reach Financial Close by the end of 2014.

In addition, a significant amount of collaborative work is being undertaken to crystallise initiatives such as "place making" at Eyemouth, Muirhouse, Craigmillar and Leith, as well as joint developments such as NHS Lothian and the City of Edinburgh Council's collaborative development of a care village on the site of the Royal Victoria Hospital. These all provide strong evidence of the appetite for collaborative working across the Territory. They also highlight Hubco's demonstrable shift in focus from bricks and mortar to service delivery, as the provision of strategic support services increases and Participants benefit from assistance in scoping, future service requirements.

As can be seen from Hubco's Performance Review, the Hub model now has a strong evidence base of delivering community infrastructure projects, on time and on budget. Complementing this, we can now evidence the delivery of a significant contribution to the Community Benefit agenda through the creation of many training and employment opportunities.

As with all complex programmes, there is always room for improvement and this year has not been without its challenges. Both the Territory Partnering Board and Hubco are committed to improving the efficiency and effectiveness of the Hub process to provide enhanced local services and achieve tangible benefits for partners and communities in the Lothians and Borders, building on and learning the lessons from the pipeline of projects that have been delivered to date.

Looking to the future, the ten public sector partners in the South East Territory, along with Hubco, have agreed their Strategic Delivery Plan (SDP) for the next four years. This SDP is a step-change from previous years. Not only does it list the current pipeline of Qualifying Projects which Participants are working with Hubco to deliver, but more importantly it articulates the outcomes and objectives the Participants wish to secure by working together through the Hub initiative.

For the first time we now have a framework by which we can measure and monitor the Participants' success in evidencing partnership working, collaborating with regard to asset management plans and securing improved service delivery.

This year saw a number of changes in key personnel. Iain Graham elected to stand-down as the B Shareholder representative on the Hubco board, with Midlothian Council's Garry Sheret nominated and accepting this key appointment. Territory Programme Director Neil Grice has taken up a new position and was replaced by SFT's Alastair Young, whilst Gary Todd has elected to return to City of Edinburgh Council. On behalf of the TPB and Hubco we would like to acknowledge the considerable effort and contribution all of these individuals have made to ensuring the success of the Hub initiative in the South East Territory and welcome their respective successors to their new roles.

We look forward to your ongoing engagement with the Hub initiative over the years to come.



Susan Goldsmith
Chair
South East Scotland Territory
Partnering Board



Jo Elliot
Chair
Hub South East Scotland Ltd



Tranent Health Centre, East Lothian



Hub South East Scotland Territory Partnering Board Report

Key activities over the past 12 months

Introduction



Alastair Young
Director, TPB

First of all I would like to express my thanks and appreciation to all in the South East Territory for their support and advice since I took up the role of Programme Director in November last year. Over the past nine months I have been hugely impressed by the common desire and passion that exists across the Territory to, not only deliver construction projects quicker and cheaper, but to make a real impact on the lives and wellbeing of citizens whether through improved public services, creating education and employment opportunities, or enhancing the environment. I am very much looking forward to the next 12 months and working with Participants and Hubco to help take the Hub initiative in South East to the next level.

Territory Partnering Board

In 2013-2014 the Territory Partnering Board (TPB) met four times to consider strategic matters and to review Hubco's performance. On all occasions the TPB was quorate.

This year the current Chair and Vice Chair confirmed their agreement to continue in office until 31 March 2015. Under the Rules of Procedure for the TPB, this now represents their final year in these positions. In early 2015 it is intended to seek nominations for these positions for a three year period commencing 1 April 2015.

During the year there have been a number of changes to the membership of the TPB. The table opposite lists the current TPB membership and nominated alternates.

This year saw SFT's asset management team being invited to give a presentation to the TPB. The objective was to improve the understanding of both parties' objectives and to explore how the resources could be mobilised to complement each other going forward. It was agreed that a representative from SFT's asset management team should be invited to attend future TPB meetings and that the Hubco Chief Executive and the TPD should maintain regular dialogue with SFT's asset management team.

Moving forward the TPB has a key role to play in promoting an open exchange of ideas and enabling Participants to discuss their forthcoming accommodation and service delivery requirements to help facilitate a collaborative approach to fulfilling such requirements. The introduction this year of the Participants' Territory Performance Score Card will help the TPB assess the impact the Hub initiative is making in realising shared outcomes relating to better partnership working, collaborative asset management and improved service delivery.

Member	Alternate	Participant Body
Susan Goldsmith (Chair)		NHS Lothian
Alex McCrorie (Vice Chair)		East Lothian Council
David McLuckie		NHS Borders
Andrew Drummond-Hunt	Martin Joyce/ Annette Patterson	Scottish Borders Council
Garry Sheret	Gareth Davies	Midlothian Council
Donald Forrest	David Maule	West Lothian Council
Patrick Brown	Peter Watton	The City of Edinburgh Council
David Seath		Police Scotland
Pamela McLauchlan		Scottish Ambulance Service
Gordon MacLeod		Scottish Fire and Rescue Service
Morag Wallace	James King	Scottish Futures Trust
Alastair Young		Territory Programme Director
Paul McGirk	Kevin Bradley	Hub South East Scotland Ltd

Strategic Delivery Plan 2014 – 18

In August 2013, the TPB agreed to initiate work on developing a new four year Strategic Delivery Plan (SDP), acknowledging the significant changes and challenges impacting on Hub South East's public sector partners. The opportunity was also taken to adapt the Plan to be 'fit for purpose' by adopting a more outcomes focussed approach and a smarter understanding of how the Hub model works in practice. The key outcomes and objectives in the SDP are summarised here:

The Hub South East Scotland Territory Partnership Vision



A major component of the new SDP was the refresh of the list of Qualifying Projects, which now form the Territory Investment Delivery Schedule. This list will, going forward, be updated on a quarterly basis.

The SDP was approved by the Board in March 2014 and has now been disseminated widely across the South East Scotland Territory to the Territory Participants' key decision makers and senior executive officers. Engagement is also planned with all five Community Planning Partnerships and other significant Boards with a stake in community infrastructure and public service improvement. A copy of the SDP and the list of current Qualifying Projects are available in the downloads section of Hubco's website: www.hubsoutheast.co.uk

Moving forward, the Participants have developed a Territory Performance Score Card to help them assess the impact the Hub initiative is making in helping realise the outcomes relating to better partnership working, collaborative asset management and improved service delivery.

Programme Assurance

During the autumn of 2013, the National Programme Board (NPB) requested that all Hub territories undertake an internal review of their programme governance arrangements and approval processes. The review encouraged each territory to undertake a self assessment to confirm that:

- All projects fall within the scope of the original OJEU Notice
- There is an up to date Territory Delivery Plan listing current Qualifying Projects
- The TPB is monitoring capital values in line with indicative OJEU thresholds
- All projects are being taken forward in line with Hubco's Method Statements

From the findings of this internal review for Hub South East, the TPB was able to confirm that all current projects at that time fell within the scope of the original OJEU Notice. Subsequent to that review the Territory's Programme Team (TPT) has published a revised list of Qualifying Projects, as well as enhancing its process for approving and recording Qualifying Projects. The TPT also now updates the TPB on a quarterly basis as to the overall pipeline value.

Compliance with Hubco Method Statements is being monitored on a project by project basis. Large DBFM projects have the built in assurance of the Scottish Futures Trust Key Stage Review Process.

National Hub Review

In spring of 2014 the Hub National Programme Board commissioned David Nash – an independent consultant - to undertake soundings from stakeholders in the Hub process to explore ways in which the initiative could be improved. The findings were published in June 2014. The TPB, in partnership with Hubco, will review these findings to identify areas for ongoing improvement in the coming year.

Shared Learning

During the year a number of opportunities were created to share learning across the territory. These included:

- **James Gillespie's High School – Lessons Learned**

In March 2014 a lessons learned workshop was undertaken for Hubco's first DBFM project – James Gillespie's High School. The workshop was designed to use the procurement of the high school as a framework to bring together key practitioners who were involved in the process, to identify lessons learned, as well as sharing observations as to how the delivery of complex infrastructure projects using the Hub model could be improved. Thanks to the proactive and constructive engagement of all attendees, a number of extremely valuable observations were captured from this workshop. The lessons learned report is available on Hubco's website.

- **Capacity Building – Hub Practitioners Forum**

The first Hub Practitioners Forum was held in June 2014. This provided an excellent platform for officers from within Participant organisations to share experiences, as well as build a network of contacts for shared learning. This event also included a presentation by Iain Marley – Project Director of the new twin site £228m City of Glasgow College – to share the key lessons he learned in taking a complex DBFM project to Financial Close and in managing project delivery through the early years of construction. Arrangements are being made to hold further Forums on a regular basis to build momentum in terms of cross participant communication, shared learning and capacity building.

- **Place Making Agenda**

During the year the Muirhouse Place Making initiative, which was allocated £59,000 of capital enabling funds, completed its initial Place Making study. A further £438,000 of capital enabling funds has been allocated to the construction costs of the works resulting from this study.

Following this, a number of additional Place Making initiatives have been initiated by Participants. These include Haddington in East Lothian, Eyemouth in the Scottish Borders and four neighbourhood studies in the City of Edinburgh - Wester Hailes, Craigmillar, Leith and Muirhouse. Enabling funds have been allocated to all of these initiatives and Hubco have seconded a fulltime resource into the Council to help take these four initiatives forward (see page 39 for information on asset management).

These initiatives are also being supported by SFT's Asset Management team who are promoting such reviews as key opportunities for improved outcomes through increased collaboration in asset management.

Financial Report

Programme Team's Revenue Budget

The table below shows the current revenue budget for the Territory Programme Team to 31 March 2015.

Available Budget	£103,153
Expenditure:	
Staff Costs (1)	£149,437
General Items (2)	£8,000
Total	£157,437
Deficit (3)	-£54,284

Notes:-

- (1) This is based on 1.6 full time equivalents, a phased reduction in Gary Todd's secondment and a new full time Programme Manager from September 2014.
- (2) This is a general allowance for venue hire, training and communications.
- (3) Based on current forecasts the Programme Team's available budget will run out in November 2014.

The TPB has sought contributions towards the ongoing revenue costs to be incurred in resourcing the Territory Programme Team (TPT). Long term funding for the Territory Programme Team remains a key risk going forward.

Capital Enabling Grant

In 2010, the Scottish Government confirmed that £6.5m would be made available until 31 March 2015, for the Territory to use in enabling a range of community infrastructure projects to be brought forward across the Territory.

To date £3,275,996 has been spent on enabling activities in the South East Territory, including £300,030 of the Participants' share working capital allocated to Hubco, which is due to be repaid by April 2015.

Of the remaining enabling funds, £3,151,980 has been allocated to Hub initiatives, with £72,024 remaining unallocated.

The major part of the £3,151,980 has been allocated to the Lothian Bundle DBFM project (£2,705,950). This project is scheduled to reach Financial Close this year, with £898,589 of expenditure allocated to pre-award activities, £1,231,846 allocated to construction costs and £438,000 allocated to Place Making activities to be undertaken by the City of Edinburgh Council. In order to secure the optimum financing structure for this project, the Scottish Government has confirmed that expenditure can carry over into 2015/16.

A list of all projects allocated enabling funds and their current status is given on the opposite page.

Objectives for 2014/15

The TPB has reconfirmed its vision, which is to promote working together to provide enhanced local services and achieve tangible benefits for partners and communities in the Lothian and Borders.

The TPB's agenda going forward includes a focus on enhancing Partnership working, improving opportunities for collaboration in respect of services, assets, estates planning; and most importantly ensuring that both public services and the services delivered by its Hubco are high quality, responsive to customers and communities, and continually improving.

The Board relies heavily on the efforts of its members and the support provided by the TPT. However, with the scale of the transformation agenda now underway, the Board recognises the need to work effectively and build on existing network involving local organisations with expertise in specific areas, as and when this is required.

As illustrated in the figure on Page 8 – the TPB has set a number of objectives for 2014/15:

Partnership Working:

- Establish a joint Partnership Communication Strategy
- Maintain a supporting Communication Action Plan
- Establish regular opportunities to share learning and build capacity across the territory
- Gather evidence to satisfy the TPB that Hubco is the Participants' "development partner of choice"

Collaborative Asset Management

- Establish local development forums that build on each Participant's capacity to identify opportunities for joint service, asset and financial planning
- Hold a Territory wide bi-annual event to bring together collaborative opportunities across the territory

Improved Service Delivery

- Evidence that the Hub initiative delivers Best Value through the publication of relevant case studies and other communication tools

In addition, the TPB will implement the new Territory Performance Scorecard. This will include measures aimed at gauging the partnership's performance and effectiveness and the performance of Hubco, as well as working with Hubco to align its Business Plan with the priorities set out in the new Strategic Delivery Plan.

South East Territory - Capital Enabling Grant Allocation

PROJECT	Capital Grant Allocated	Drawn as of Aug 2014	Remaining as of Aug 2014	Forecast Spend 14/15	Forecast Spend 15/16	Forecast Spend 16/17
Drumbrae Library & Community Hub:	£786,600	£786,600	£0			
Wester Hailes Partnership Centre	£988,000	£988,000	£0			
Gullane Surgery & Day Care Centre	£1,025,000	£1,025,000	£0			
East Lothian Community Hospital - NHS Lothian	£89,300	£89,300	£0			
Kelso Development Appraisal - Borders Council	£5,000	£5,000	£0			
Lothian Bundle - NW Edin Partnership Centre	£1,365,700	£25,854	£1,339,846	£420,000		£919,846
Lothian Bundle - Firhill Partnership Centre	£497,400	£86,461	£410,939	£410,939		
Lothian Bundle - Blackburn Partnership Centre	£842,850	£25,200	£817,650	£67,650	£750,000	
Roxburgh Street, Galashiels Health Centre	£137,340	£137,340	£0			
Hawick Extra Care Housing - Borders Council	£36,600	£36,600	£0			
Edinburgh Joint Premises Strategy - CEC	£59,800	£59,156	£0			
Duns Community Hub - Borders Council	£149,000	£149,000	£0			
NHSL/CEC Elderly Care Provision	£46,000	£0	£46,000	£46,000		
SBC - Schools Development Work	£30,000	£0	£30,000	£30,000		
WLC - Partnership Centre Development Work	£30,000	£0	£30,000	£30,000		
ELC - Place Based Review	£40,000	£0	£40,000	£40,000		
Hubco - Working Capital and Equity	£300,030	£300,030	£0			
Unallocated	£71,380		£72,024	£72,024		
Totals	£6,500,000	£3,713,541	£2,786,459	£1,116,613	£750,000	£919,846



Hubco Chief Executive's Report



Paul McGirk
Chief Executive
Hub South East
Scotland Ltd

Last year we worked with our colleagues in the Territory Partnering Board to produce, for the first time, a joint annual report. This was well received and I am proud to be continuing this approach for the 2013/14 report as it further reflects the growth in our partnership – a partnership which has led to an incredibly productive and positive year.

Now that we're in Hubco's fourth year and we've successfully delivered £45m worth of facilities in total, we're no longer talking about what we aspire to do, but trumpeting our joint achievements.

The Hub model is no longer theoretical – we are delivering for our public sector Participants in the Lothians and Borders and are fast becoming a development partner of choice.

Based on evidence, we can now demonstrate that the Hubco delivery model is giving greater certainty in terms of cost and construction programme schedule. This year we have delivered all completed projects within the agreed affordability cap and all facilities except one achieved their scheduled handover date.

Through choosing Hubco as a development partner, Participants have benefited from access to enabling funds they would not have otherwise had, allowing them to accelerate programmes. As well as this, our partners have taken advantage of the cost savings of collaborative design with other projects, such as Newbattle and Kelso High Schools.

We are constantly pushing boundaries and stretching targets and this is welcomed by our partners. Whilst the process is not always easy, we are continually strengthening our relationships and working together to find creative and effective solutions.

Hubco has been actively involved in planning, funding, designing and delivering over £400m of facilities which will accommodate a wide range of community and health services across the Territory. From 1 August 2013 to 31 July 2014, our team has worked on:

- The completion of developments totalling £13m
- The commencement of new community facilities valued at £45m
- Project development activities on Qualifying Projects valued at over £160m
- Strategic support services on other initiatives valued at £195m

In education we have completed extensions and refurbishments at Rosewell and James Gillespie's Primaries, and we achieved Financial Close and broke ground on our first DBFM – James Gillespie's High School. We also delivered 3 new extensions as part of the City of Edinburgh Council's Rising Rolls programme. Testament to their success, we have, at the time of writing, just handed over a second phase of 4 schools for 2014/15 and we are in the planning stages for phase 3 in 2015/16.

In health we have delivered much needed new facilities in Lauder and Gullane. But as is the intended nature of the Hub model, **we are a true development partner and we're not simply interested in the construction of buildings. We go beyond that to assist our partners with masterplanning, visioning and shaping service delivery.** We have been providing strategic support on the redevelopment of the new East Lothian Community Hospital as well as the redevelopment of the Royal Edinburgh Hospital Campus, where our Tier 1 contractor is already on site undertaking advance works. We have also supported collaborative working between the NHS and the City of Edinburgh Council in relation to the Royal Victoria Hospital site in Edinburgh and our early involvement in such initiatives allows Participants to develop projects at a strategic level, thereby de-risking key elements prior to committing financial resources.

The success of our developing relationship with Participants is such that we now have staff seconded into their organisations, such as in the City of Edinburgh Council where we're assisting with asset management activities.

Key to this collaborative approach with Participants is to ensure that there is a very practical involvement of local people on Hubco projects. **In terms of wider economic gain and delivering community benefits, we have exceeded key performance indicators in a number of areas.** This year alone, we have awarded 92% of contracts on completed jobs to Scottish SMEs, created 15 new jobs, as well as securing a number of work placements and site visits to allow pupils and students to benefit from the work going on locally.

Looking ahead, before the end of the year, we are aiming to secure Financial Close on four major DBFM projects, worth more than £125m, allowing construction to progress on the ground in 2015. And **as service redesign is undoubtedly a key priority for our Participants, we will increasingly continue to act as an enabler to ensure that innovative solutions are found to do more with less.**

The following pages describe some of the exciting highlights of our year and provide some of the detail behind these achievements.

Our thanks go to all of those who have contributed to making 2013/14 such a successful year for Hubco – we could not have achieved this without your hard work and dedication. We are confident that 2014/15 will prove to be another positive year and we look forward to strengthening working relationships with our partners across the Territory.

Paul McGirk
Chief Executive
 Hub South East Scotland Ltd



Performance : Projects Completed



Hubco has successfully handed over 8 projects to the value of £13m in this reporting period. All projects were within the agreed affordability cap, 6 were handed over on time, 1 was handed over behind schedule and 1 was delivered 3 weeks early.



PROJECT COMPLETED	DELIVERING	PARTICIPANT	VALUE	PROCUREMENT ROUTE	TIER 1 CONTRACTOR	START DATE	COMPLETION DATE
LAUDER HEALTH CENTRE	New build health centre	NHS Borders	£1.3m – on budget	Design and Build	Morrison Construction (through Joint Venture with Borders Construction)	January 2012	August 2013 – delivered on schedule
RISING ROLLS PHASE 1	3 x new school extensions	The City of Edinburgh Council	£1.9m – delivered on budget	Design and Build	Morrison Construction	August 2012	August 2013 – delivered on schedule
JAMES GILLESPIE'S CAMPUS (D&B)	New gym, additional classrooms and nursery	The City of Edinburgh Council	£4m - delivered on budget	Design and Build	Morrison Construction	June 2012	August 2013 – delivered on schedule
GULLANE SURGERY AND DAY CENTRE	New build surgery and day centre	East Lothian Council	£3m - delivered on budget	Design and Build	Graham Construction	March 2011	December 2012 – delivered on schedule
PUBLIC CONVENIENCES – EDINBURGH	7 x refurbished city centre conveniences	The City of Edinburgh Council	£500k - delivered on budget	Design and Build	Galliford Try FM	June 2013	January 2014 - delivered on schedule
ROSEWELL PRIMARY SCHOOL	New school extension	Midlothian Council	£1m - delivered on budget	Design and Build	Graham Construction	May 2012	January 2014 – delivered 11 weeks behind schedule
NEWBRIDGE FIRE AND RESCUE STATION	Refurbished station	Scottish Fire and Rescue Service	£600k - delivered on budget	Design and Build	Morrison Construction	November 2013	March 2014 – delivered on schedule
TRANENT HEALTH CENTRE	Refurbished health centre plus new extension	NHS Lothian	£900k - delivered on budget	Design and Build	Morrison Construction	September 2013	July 2014 – delivered 3 weeks ahead of schedule

The following pages contain some case studies from the above projects.



“As an SME based in the Scottish Borders, we’re proud to be part of these projects. Our involvement in a joint venture with Hubco’s Tier 1 Contractor, Morrison Construction, is helping sustain local employment and local spend which benefits the communities we work and live in.”

John Moore, Borders Construction

“This is a wonderful new facility which the staff and the people of Lauderdale can be proud of. It provides bright, modern facilities and easy access which can be enjoyed by both staff and patients. It is a great asset for the community, both now and for generations to come.”

John Raine, Chair, NHS Borders

The New Lauder Health Centre was created to replace old facilities in the town of Lauder. Handed over in August 2013 the new facilities have been well received by staff and patients alike.

Local GP, Dr Paul Comrie, described the old facilities prior to moving into the new Health Centre: "At the moment we're operating out of a bungalow which was formerly a district nurse's house. It's very small and cramped and we've not been able to have all of the primary healthcare team under one roof. We've got a much bigger waiting area in the new building so patient comfort will be better. And we'll be able to offer some additional services which we've struggled to accommodate at the moment."

Handed over in August 2013 this project was unique for Hubco in that for the first time, our Tier 1 Contractor entered into a Joint Venture with a local construction company – Borders Construction to deliver the facilities. The purpose of this was to ensure local training and employment was retained and they are currently on site at the SAS Galashiels station, and will soon be working on Roxburgh Street Health Centre in Galashiels.

HEALTH: Lauder Health Centre

Participant:	NHS Borders
Value:	£1.3m
Tier 1 Contractor:	Morrison Construction (through a Joint Venture with Borders Construction)

Key Deliverables:

- **On budget**
- **On schedule**

Economic and Community Benefits:



- Work placement 14-16 yrs – target exceeded (21 v 15)
- Apprentice targets exceeded (5 v 3)
- 2 new jobs created



- Visits by schools target exceeded (380 v 20)



- Value of work awarded to Scottish SMEs – 91%
- Value of work awarded to local SMEs (within SE Territory) - £745k



***“Better buildings mean better learning.
The children are absolutely over the moon.
Brand new classrooms for them – that’s
just what they deserve.”***

Jacqueline Scott, Head Teacher – Trinity Primary School

“Our close working relationship with Hub South East Scotland ensured that extremely high quality accommodation was delivered on time and within budget. There’s been nothing but positive feedback from staff, pupils and parents at the three schools where nine new classrooms were built.

We are continually looking to improve on how we deliver new accommodation and capital projects and look forward to working with Hub South East Scotland again this year on delivering much-needed, high quality classrooms to ease the pressure of rising primary school rolls.”

CLlr Godzik, Convenor of Education Children and Families, The City of Edinburgh Council

This project is an excellent example of working with a Participant to develop creative, flexible solutions for service delivery issues. The City of Edinburgh Council has a continual need for more classrooms in its primary schools as pupil numbers are ever increasing. However, the exact need each year is not known conclusively until the Council is aware of the uptake of spaces in any given school. We worked with staff at the Council to provide a standardised approach to various class sizes that can be rolled out across multiple locations.

Individual facilities can have their own identities that reflect the site, local planning restrictions and user preference, but a standard pallet of materials is used. This allows a tight programme to be set in terms of design, development, approvals and construction, producing a quality, long term solution but with a quick turnaround – faster than would have been achieved procuring traditionally outside the Hub process. Our Tier 1 Contractor was on site in March 2013 at Trinity, Wardie and Granton Primaries, ensuring the extensions were complete in time for the children going back to school after the summer holidays in August 2013.

Such is the success of this project that we were commissioned for a further phase of 4 schools this year, which at the time of writing have just been handed over. We are also developing plans for a Phase 3 in partnership with the Council.

By applying lessons learned from our experience on Phase 1, as well as from Galliford Try's Optimum School's Project, we were able to maximise further efficiencies for Phase 2. We reduced the cost per square metre from £2200 in Phase 1 to £1800 in Phase 2, further demonstrating our commitment to delivering real value for money for Participants.

EDUCATION: Rising Rolls – Phase 1

Participant:	The City of Edinburgh Council
Value:	£1.9m
Tier 1 Contractor:	Morrison Construction

Key Deliverables:

- **On budget**
- **On schedule**

On site we exceeded many targets in terms of community benefits, from work placements, to new jobs and school visits. Through Hubco's partnership with Edinburgh Napier University, a young woman completed a 20 day placement on this project in a site management role after completing an 'Onsite Women into Construction' course. Our Tier 1 Contractor also supported the Trinity and Wardie School Fayres and donated high-vis vests to Wardie Primary School.

Economic and Community Benefits:



- Work placement 16-19 yrs – target exceeded (20 v 10)
- Apprentice targets exceeded (4 v 0)
- New job targets exceeded (6 v 1)



- Visits by schools target exceeded (1327 v 30)
- Visits from colleges/universities target exceeded (44 v 40)



- Value of work awarded to Scottish SMEs – 94%
- Value of work awarded to local SMEs (within SE Territory) - £280k



“The facility demonstrates excellent partnership working and provides a positive example for future collaboration.”

Mike Ash, Chair, East Lothian Health and Social Care Partnership

“It’s a wonderful space. It’s given us the opportunity to do much more group activities and we’re really pleased at how easily everyone’s settled in. It’s a bright, airy facility which is being enjoyed by the day centre users. We’ve had nothing but positive feedback.”

Joan Hogg – Day Centre Manager, East Lothian Council

The Gullane Surgery and Day Centre, completed in December 2013, is a modern purpose built facility providing a day centre (run by East Lothian Council), as well as a new home for NHS Lothian's local GP practice in Gullane.

The building itself features locally accessed materials including sandstone and timber frames and the contemporary design incorporates energy efficient measures including a living sedum roof and air source heating.

Whilst on site, our Tier 1 Contractor got involved in a local fundraising scheme to build better sports facilities in Gullane. As well as direct donations to the Gullane sports development trust, repairs were carried out to the neighbouring tennis club.

Local secondary school pupils got involved on site by getting work experience in woodwork. The group of 5 students - all considering careers in construction - worked for 2 days to create planters in between the Centre and the tennis court. These form part of an outdoor area for use by the day centre and will be of lasting benefit to the Centre users for years to come. Other pupil involvement included a woman trainee joiner, studying woodwork, who worked on site for 4 weeks. There was also a visit from pupils at North Berwick High School. One girl, whose aspiration prior to the visit was to study art, decided to change her choice of degree to architecture!

COMMUNITY/HEALTH: Gullane Surgery and Day Centre

Lead Participant:	East Lothian Council
Partner Participant:	NHS Lothian
Value:	£3m
Tier 1 Contractor:	Graham Construction

Key Deliverables:

- **On budget**
- **On schedule**

“We are delighted. It is a big improvement for patients and in working conditions for staff. It will mean we can focus on even more efficient service development for the future.”

Dr Charles Cusworth, senior partner at Gullane Medical Centre

Economic and Community Benefits:



- Work placement 16-19 yrs – target exceeded (16 v 10)
- Apprentice targets exceeded (4 v 2)
- New job targets exceeded (2 v 1)



- Visits by schools target exceeded (62 v 40)



- Value of work awarded to Scottish SMEs – 83%
- Value of work awarded to local SMEs (within SE Territory) - £885k



Performance : Projects Under Construction



Hubco currently has 5 projects under construction, with a value of £45m.

Our projects on site are all making excellent progress and are on schedule to be completed by the agreed dates.

In some cases, community benefits targets have already been exceeded before project completion.



PROJECT UNDER CONSTRUCTION	DELIVERING	PARTICIPANT	VALUE	PROCUREMENT ROUTE	TIER 1 CONTRACTOR	START DATE	ESTIMATED COMPLETION DATE
JAMES GILLESPIE'S HIGH SCHOOL	New High School – teaching block, sports and performing arts complex	The City of Edinburgh Council	£34m	Design, Build, Finance and Maintain	Morrison Construction	June 2012	July 2016
SAS AMBULANCE STATION - GALASHIELS	New ambulance station on the site of the Borders General Hospital – including office accommodation, and a workshop for maintenance and repair	Scottish Ambulance Service	£2m	Design and Build	Morrison Construction	January 2012	December 2014
RISING ROLLS – PHASE 2	4 x new school extensions at Victoria, Broughton, St David's and Craigour Park	The City of Edinburgh Council	£3.4m	Design and Build	Morrison Construction	February 2014	August 2014
GALASHIELS TRANSPORT INTERCHANGE	New interchange to include concourse, waiting area, passenger conveniences, disabled facilities, tourist information and offices. Part of the overall wider Borders Railway project.	Scottish Borders Council	£5.2m	Design and Build	Morrison Construction	January 2014	June 2015
CEC PROPERTY REFURBISHMENT	Refurbishment at Westfield House and High Street offices – small scale office accommodation refurbishment to tight timescales.	The City of Edinburgh Council	£400k	Design and Build	Morrison Construction	June 2014	October 2014



Of our projects under construction, here are some highlights from work ongoing at James Gillespie's Campus:

“Being part of the Hubco supply chain provides us with business opportunities which enable us to sustain and grow our business during times of economical uncertainty... With the support of Hubco we are able to provide community benefit opportunities to long term unemployed, work placements and apprenticeship places for young people.”

JMS Plant Hire – SME working on the James Gillespie's Campus Project

PRIMARY AND NURSERY SCHOOL

The Campus at James Gillespie's serves over 1000 pupils aged 3 – 18. During the first part of this project, we worked with the primary school to create two new classrooms and build a replacement gym, whilst we also delivered a new replacement nursery school on site. These new, modern facilities were handed over at the start of the 2013/14 school term and were received positively by staff and pupils.

“I was really impressed with the high quality facilities at the primary school...the new facilities have been welcomed by parents and staff and give an early indication of the high quality facilities that will be built at the high school.”

Cllr Godzik, Convenor of Education Children and Families, The City of Edinburgh Council

HIGH SCHOOL

In October 2013, after the demolition of a number of buildings, construction began on the High School, followed closely by Financial Close being achieved on Hubco's first DBFM. Work is progressing well on site and we are scheduled to hand over the first part of the new High School – the main teaching block – in April 2015. Works will then start on creating a new sports complex and arts/performance complex. In addition to this, the A-listed Bruntsfield House at the centre of the campus is also undergoing a major refurbishment. The entire project should be complete in August 2016.

“The site is really beginning to take shape now. When I opened the nursery last year I was hugely impressed by what was delivered and I know that pupils and staff are excited about the High School opening.”

Cllr Godzik, Convenor of Education Children and Families, The City of Edinburgh Council

James Gillespie's Campus

Lead Participant:	The City of Edinburgh Council
Value:	£38m
Tier 1 Contractor:	Morrison Construction

KEY STATS

As a Hub development, this project is already delivering a number of community benefits:

- It will support up to 250 jobs during construction
- More than 100 days of work placement have already taken place
- There have been more than 3000 visits by/to schools, colleges and universities in relation to this project.
- A young person has been recruited as a Trainee General Operative following his successful completion of a 4 week work placement on site after participating in the 'Action for Children' Youthbuild programme.
- Both Tier 1 contractor and supply chain staff have benefited from attending interactive workshops onsite raising awareness of prostate health.
- Hubco, Morrison Construction and Galliford Try Investments have agreed to donate £2500 each to match fund sponsorship being raised by the James Gillespie's Trust to develop a book about the history of the site. The release is due to coincide with the completion of the project in 2016.



Performance : Qualifying Projects in Development



In partnership with Participants, Hubco is currently developing 11 projects worth over £160m.

New project requests have been received for these projects and they are progressing through the development stages. All developing projects have a Hubco project management and design team in place, as well as a Tier 1 Contractor appointed and a Facilities Management service provider where necessary.



QUALIFYING PROJECT IN DEVELOPMENT	DELIVERING	PARTICIPANT	VALUE	PROCUREMENT ROUTE	TIER 1 CONTRACTOR
ROSEMOUNT COURT HOUSING WITH CARE	New housing facilities for older people with support needs	West Lothian Council	£7m	Design and Build	Graham Construction
ROXBURGH STREET HEALTH CENTRE - GALASHIELS	New health centre	NHS Borders	£1.4m	Design and Build	Morrison Construction (through Joint Venture with Scottish Borders Construction)
ROYAL EDINBURGH HOSPITAL CAMPUS – PHASE 1	New facilities in a phased development, including adult acute mental health, intensive psychiatric care, older people mental health and brain injury	NHS Lothian	£45m	Design, Build, Finance and Maintain	Morrison Construction
LOTHIAN BUNDLE	New partnership centres in Blackburn Firrhill and North West Edinburgh	NHS Lothian/ West Lothian Council/ The City of Edinburgh Council	£26m	Design, Build, Finance and Maintain	Graham Construction
NEWBATTLE HIGH SCHOOL	New high school campus	Midlothian Council	£33m	Design, Build, Finance and Maintain	Morrison Construction
KELSO HIGH SCHOOL	New high school campus	Scottish Borders Council	£20m	Design, Build, Finance and Maintain	Morrison Construction
ROYSTON CARE HOME	New 60 bed care home	The City of Edinburgh Council	£8.4m	Design and Build	Graham Construction
DUNS PRIMARY SCHOOL	New Primary School	Scottish Borders Council	£6.5	Design and Build	Graham Construction
WINDYGOUL PRIMARY	New Primary School	Scottish Borders Council	£4.3m	Design and Build	Morrison Construction
WEST CALDER HIGH SCHOOL	Refurbished High School with new facilities	West Lothian Council	£12m	Design, Build, Finance and Maintain	Graham Construction

Of our projects in development, here are just some key highlights:

Royal Edinburgh Hospital Campus Phase 1



Royal Edinburgh Hospital Campus, Phase 1

The redevelopment of the Royal Edinburgh Hospital Campus will be delivered on a phased basis over the next 8 to 10 years. This initiative forms part of a wider asset review and investment programme for NHS Lothian, involving a number of new build and refurbished projects across their wider estate. Phase One started as a strategic support service commission for Hubco in 2012, so we have been involved from inception, helping shape the brief from the outset, thus ensuring a solution which delivers optimum value and a high quality investment is achieved. We have worked in partnership with NHS Lothian, securing consent for Planning Permission in Principle for the whole campus development, as well as detailed consent for the Phase One scheme. At every stage there has been engagement with both clinical and non clinical service users which has helped in terms of reaching consensus on design.

At the time of writing, the Stage 2 submission has been submitted for approval.

This project has been a true demonstration in partnership working, and a notable factor in this is the shared office on site. This has allowed the co-location of NHS staff, Tier 1 Contractor and Hubco staff, as well as designers and cost advisers. This proved particularly beneficial in reaching the agreement on costs for the Stage 2 submission as quick decisions could be made.

Our Tier 1 Contractor is already on site completing a package of enabling works. We are aiming to reach Financial Close on this project in October 2014 to allow construction to begin before the end of the year. Concurrently, we are working on developing in more detail, further phases of the development with clinical briefing workshops scheduled to start in September 2014. It is anticipated that a New Project Request will be agreed following this process in early 2015.

In relation to community benefits on this initiative, we are actively supporting the formation of a new Public Social Partnership (PSP). This has created an opportunity for on-site catering. It is proposed that the PSP will be provided accommodation, power etc on site to run a canteen which will supply food to operatives for the duration of the project. This will likely involve a form of joint-venture with Edinburgh based Social Enterprise - the Grassmarket Community Project.

As a further example, we are also working with the Grassmarket Community Project whereby they have been given 40 trees that were taken off site during advance works. They are taking them to their workshops where they will be planked and cured then 50% will go to creating furniture for their initiative and 50% will go back to NHS for use for artwork on the Royal Edinburgh Hospital project.

“We have listened to what matters to people and are confident that the plans will deliver an excellent mental health facility that will open a new chapter in the hospital’s proud 200 year history.”

David Small, Chair of the Royal Edinburgh Hospital Project Board, NHS Lothian



“Local companies should not underestimate the potential opportunities that the Newbattle project can bring.”

Councillor Jim Bryant, Midlothian Council's Cabinet Member for Economic Development

Newbattle and Kelso High Schools

Kelso and Newbattle High Schools are two separate projects in two different local authority areas (Scottish Borders Council and Midlothian Council) but because both are being delivered by Hubco in similar timescales, we are able to look at efficiencies that can be delivered across both sites. Already, cost savings have been made in relation to key appointments such as designers, and further savings will be realised through increased economies of scale and supply chain management

Both Schools are currently in the planning stages and we are aiming for Financial Close before the end of 2014, with a site start on both projects in early 2015.

Already, community benefits are being realised on the projects. In terms of local and SME employment, there have been three Meet the Buyer events for Newbattle and one for Kelso. Each was advertised through local supply chain contacts, business enterprises and more widely online and in the press to encourage maximum turnout and both Hubco and our Tier 1 Contractor were represented on the day to encourage local businesses and suppliers to take the opportunity to get involved in the project.

As well as this, in addition to the work placements that will be delivered through the projects on site, we are financially supporting 2 students to go through further education in related disciplines. Students are being selected at the time of writing and will be supported for the duration of their course, leaving a lasting legacy.

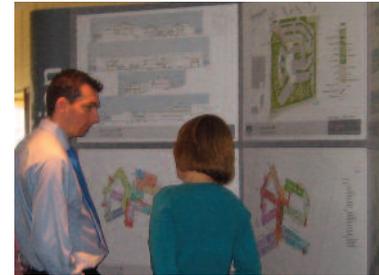
“I am pleased to see the project progressing and look forward to a brand new facility which will provide an improved learning environment for generations of Kelso children.”

Councillor Ron Smith, Executive Member for Planning and Environment





Performance : Strategic Support Services



Hubco is currently providing strategic support services to Participants with a with potential value totalling circa £195m.

As is the intended nature of the Hub model, we are a true development partner and we're not simply interested in the construction of buildings. We go beyond that to assist our Participants with masterplanning, visioning and shaping service delivery. We have been providing strategic support on the redevelopment of the Royal Edinburgh Hospital Campus and the new East Lothian Community Hospital. We have also facilitated collaborative working between the NHS and local authority in relation to the Royal Victoria Hospital site in Edinburgh and our early involvement in such initiatives allows Participants to develop projects at a strategic level, therefore de-risking key elements prior to committing financial resources.

Experience in such projects means Hubco is well placed to help our Participants address the challenges and opportunities faced as the agenda for health and social care integration comes to the fore and new Integration Joint Boards are put in place. We look forward to engaging with these Boards in the year ahead.

Royal Victoria Redevelopment

Hubco is working collaboratively with NHS Lothian and the City of Edinburgh Council on a project around strategic planning and capacity requirements as they relate to the development of an integrated care facility in Edinburgh, based on a new model of care for the elderly.

This project, although focussing on the old Royal Victoria site in Edinburgh is less property driven and more service driven. A new model of care for this patient/service group is strategically important to the integrated short, medium and long term service model for the Edinburgh Health and Social Care Partnership. Hubco is involved in facilitating the development of a joint strategy which includes the provision of beds, standard care facilities and sheltered accommodation over the short, medium and long term.

A number of workshops have taken place and two main areas of work have already been identified: the development of a whole site masterplan, based on the potential offered at the Royal Victoria Hospital site, and the development of a 60 bed facility.

East Lothian Community Hospital

As part of a wider Lothian asset review, NHS Lothian commissioned Hubco to develop a Clinical Brief and Initial Agreement in support of a new community hospital in East Lothian, following completion of an in-depth capacity planning study. The new facility will improve access to healthcare for the population of East Lothian and take pressure off the existing healthcare facilities in Edinburgh.

Our work has included the development of a detailed capacity planning model to identify future facility requirements for a range of scenarios, and extensive stakeholder engagement, through facilitating workshops, to develop the Clinical Brief in support of these services.

This work was then used to underpin the development of the Initial Agreement for the preferred way forward. The outcome from our work resulted in the following benefits:

- Clear understanding of the capacity required for the next 15-20 years
- Robust schedule of accommodation and Clinical Brief setting out the specific accommodation needs and how services would be provided
- Detailed and convincing Initial Agreement demonstrating the case for change and benefits from the proposed investment

At the time of writing, a New Project Request for the design and construction of the East Lothian Community Hospital is imminent and Hubco will now work in partnership with NHS Lothian to deliver this facility over the coming years.

Asset Rationalisation at the City of Edinburgh Council

The City of Edinburgh Council engaged Hubco in Strategic Support Services in January 2014 to support their Asset Rationalisation programme. A unique feature of this commission is the fact that we seconded a member of the Hubco team into the Council to work on the project from within the organisation – a true demonstration of partnership working in action.

We have since been involved in producing a review for the Council's depot estate. This was approved by their Senior Management Team in May 2014 and we are now working with the Council to develop a Business Case which will ultimately deliver a more efficient, modern depot estate that enhances service delivery, achieved within an existing annual property budget.

Our Hubco secondee has been invited to be part of a Locality/Neighbourhood Planning forum and has contributed to various workshops all aimed at helping to ensure there is a more joined-up approach across a broad range of public and third sector agencies.

He has also worked as part of the "BOLD" team – the Council's corporate change facilitation programme that is utilising the knowledge and skills of staff and partners to help tackle the challenges being faced by the Council. As part of this, he has contributed by suggesting and developing proposals for innovative ideas including a charitable bond structure and he co-produced a paper which examined two sample Council services in relation to strategic alignment. This paper introduced a change methodology that promotes an increase in clarity of purpose, a focus on prevention, and improved performance and efficiency measures to release long-term budget savings. This methodology was well received by senior members of the political administration and Council Management Team and is being adopted as part of a systematic service review process within BOLD.

"Our Hubco team member has had a baptism of fire into the workings of the Council, and has created a network of contacts throughout the organisation, all with a locus on future planning for the property estate. With a focus on collaboration, he has also developed a network with partner agencies and the voluntary sector. This collegiate approach to property needs across all partners should ultimately result in better service outcomes for the public, while creating a more efficient estate."

Lindsay Glasgow, Asset Strategy Manager, Corporate Property,
City of Edinburgh Council

"In addition to sourcing case studies, evidence and expertise to help develop 'BOLD Approaches', our Hubco team member worked extremely well with our Waste Services team to pilot this methodology in their service area. This work highlighted some opportunities for the service that are now being developed and implemented as part of a BOLD change work stream"

Ken Shaw, Head of Employability & Skills, Economic Development,
City of Edinburgh Council



Performance : Partnering Services

Hubco continues to perform well in a range of Partnering Services including Health and Safety, Programme Management, Community Benefits, Sustainability and Value for Money.



Overall, Hubco's Performance is strong and we are delivering real benefits through projects across the South East Territory.

In 2013/14, Hubco has continued to contribute significantly to the successful delivery of community infrastructure projects throughout the Territory, as well as supporting Participants to deliver wider community benefits. Overall the Territory Partnering Board is satisfied with the performance of Hubco over the last year.

A detailed report and supporting information, setting out Hubco's performance against the suite of Key Performance Indicators in the Territory Delivery Plan, is available on Hubco's website: www.hubsoutheast.co.uk

The following pages contain information on key areas of our performance this year.

Partnering

Hubco and the Territory Partnering Board continue to have an excellent working relationship. This is providing a platform for the open exchange of ideas and information to help participants deliver their objectives in the Strategic Delivery Plan.

Looking forward, Hubco is conscious of the organisational changes underway in terms of integrated health and social care and aspires to strengthen relationships with stakeholders in this area in the months and years to come.

At a project level, Hubco values the excellent relationship it has with Participants' project sponsors and project managers, who are leading on individual initiatives.

We recognise that there is a vast amount of experience and capability within Participants' organisations and through working together, we can continually improve the Hub process and collectively deliver better value in projects, improving services for customers and stakeholders.

We rely on feedback from Participants to help us to improve our service so we encourage open dialogue. Each year we carry out surveys of Participants and our 2013/14 surveys show that we are performing well and on the whole, our clients are positive about the relationships we have and the service we provide.

Hubco views that the partnership is not only between ourselves and our Participants, but is a three-way partnership between Hubco, Participants and our supply chain. Through working in partnership with the supply chain, to give them better visibility and predictability of the construction pipeline, our supply chain partners will be better placed to deliver more value for money in the projects that they deliver.

Community Engagement

At the heart of all Hubco initiatives is an effective community engagement plan. On all projects during 2013/14 we have actively engaged with communities.

Supporting the local community

Hubco itself has made donations towards the 2014 Mayfield Children's Gala Day (in the locality of the new Newbattle High School in Midlothian), as well as towards a book being developed about the James Gillespie's Campus (see page 29).

In addition to this, our Tier 1 Contractors, Morrison Construction and Graham Construction, are very much involved in the communities in which they are working. In 2013/14 they have provided a range of support and sponsorship for local events. Sponsorship of more than £13k has been donated to local projects, including:

- Sighthill Primary School, Edinburgh
- Carol singing at Usher Hall
- Go4Set schools event in Edinburgh
- Lauderdale Community Health & Well Being Programme
- The Fraser Centre, Tranent
- Local fundraising in Gullane to build better sports facilities

Importantly, it's not simply financial support being provided. Our contractors have been actively involved in the community in terms of time, advice and training, including:

- Arranging Prostate Scotland workshops across different site locations
- Delivery of 'Employability & Construction' programme to a number of Edinburgh schools
- Mentoring students on 'Water and your School' project as part of Go4SET initiative
- Career advice workshops and presentation to students at Edinburgh and Border Colleges
- Career advice workshops for placement opportunities with 'Action for Children'
- Safety Sam presentations to schools surrounding various sites
- Helping out with repairs to the local tennis club neighbouring Gullane Health Centre
- Attendance at Skills Scotland event for 14-19yr olds, providing advice, guidance and discussing routes into careers.

We are always looking at better and more effective ways of engaging – both within the development process and during construction.

Community Benefit

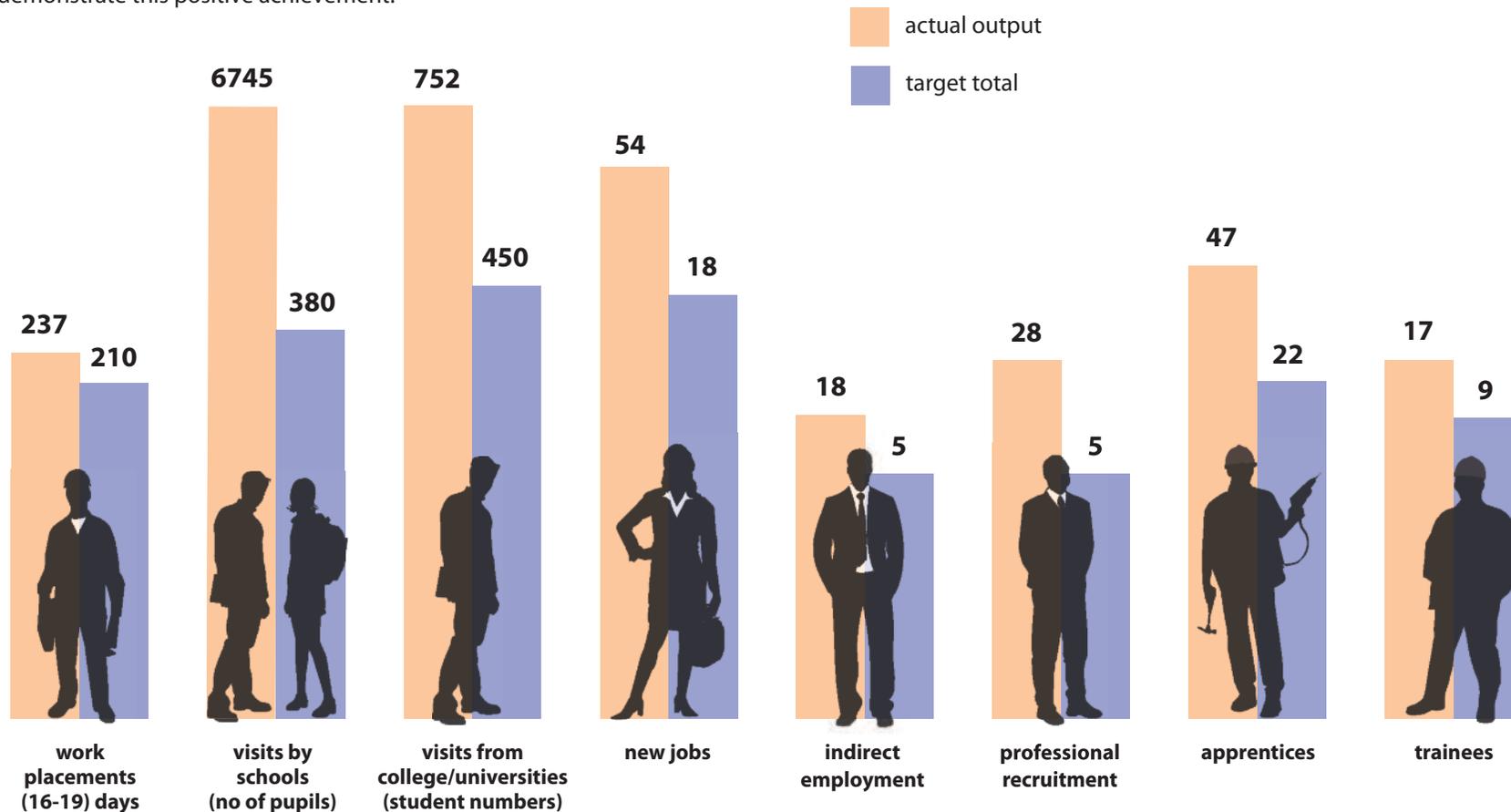
One of the big success stories of the Hub model is the community benefits that are being realised.

Sustaining a level of investment in community infrastructure projects has enabled Hubco and its supply chain partners to create significant training and employment opportunities.

In terms of our overall targets for community benefits, we have outperformed what we set out to achieve across completed projects in 2013/14. Here are just some key statistics to demonstrate this positive achievement:

Notably we delivered three times the number of new jobs we were targeting, more than double the apprenticeships, and almost eighteen times the visits to/by schools.

In addition, we are making a significant investment significant commitment in funding two college/university places in relation to the Kelso/Newbattle projects (see page 35) which will in part help ensure that Scotland has the skills that industry demands as the economy recovers.



Supporting SMEs

With 92% of contracts awarded to SMEs during 2013/14, Hubco has further demonstrated its commitment to ensuring that local businesses benefit from projects being delivered in their areas.

To this end, we have held five Meet the Buyer Events this year – one for the Galashiels Transport Interchange project, three for Newbattle High School and one for Kelso High School. These gave local businesses and suppliers the opportunity to find out how to get involved in delivering specific work packages for these projects.

In addition to this:

- Hubco was represented at Business 50's Edinburgh Show in January by our Tier 1 Contractors at a meet the buyer event, alongside procurement teams from Edinburgh, Midlothian and West Lothian councils.
- Both Hubco and our Tier 1 Contractor on Newbattle High - Morrison Construction - were represented at the Supporting Local Employers event in June, organised by the Midlothian Community Planning Partnership and hosted by Angela Constance, Cabinet Secretary for Training, Youth and Women's Employment.

“With the support of Hubco we are able to provide community benefit opportunities to long term unemployed, work placements and apprenticeship places for young people who are interested in working in construction but find it difficult to gain employment in this industry due to lack of experience. We can provide these apprentices and work placement students with training to enhance their employability. A recent example of the success of community benefits is on the James Gillespie's Campus project. One young person who was part of the work placement scheme was offered (and subsequently accepted) full time permanent employment and is receiving additional training. We have also taken on another 2 work placement students from the same scheme as a result of this success.”

JMS Plant Hire – Ground works and civil engineering contractor working on the James Gillespie's Campus Project

Health and Safety

With an Accident Frequency Rate well below the target of 0.5, our two Tier 1 Contractors have again maintained an excellent safety record.

Their performance in terms of Accident Frequency Rates is better than the industry average and comparable with the best performing contractors in the UK. This year, like last year, there have been no reportable incidents on any of Hubco's sites.

Health and Safety is taken very seriously by Hubco and our supply chain and we take a proactive approach to procedures on all live construction sites. To further satisfy ourselves that our supply chain partners are diligently performing in this area, we undertake our own Health and Safety Audits of our Tier 1 Contractors and this is discussed at each Hubco board meeting.

Sustainability

100% of completed Hubco projects have met or exceeded their sustainability and environmental targets in accordance with "Zero Waste Scotland" objectives for resources and waste management in the construction industry.

This includes targets for waste and recycling during construction, and the BREEAM (Building Research Establishment Environmental Assessment Method) accreditation targets set for the required community facilities.

To further enhance Hubco's commitment to sustainability, an additional continuous improvement target has been set in relation to future facilities' performance against their Environmental Performance Certificate targets.

Where possible we aim to link environmental benefits with community benefits. This can be seen for example in the usage of felled trees from the Royal Edinburgh Hospital Campus (see page 34).

Value for Money

100% of Qualifying Projects have been successfully handed over to Participants within their affordability cap and all but one of the Hubco facilities completed this year had an out-turn cost less than the price agreed as part of the Stage 2 submission.

During the development process, to maintain value for money has not been without its challenges, particularly as the market starts to recover and inflation impacts on the scope of services Participants can procure from their available budget. However, Hubco remains committed to working in partnership with Participants and its supply chain to continue to ensure that all projects brought to hub continue to deliver value for money. Through market testing and value engineering (see page 34 for an example in relation to the Royal Edinburgh Hospital), we have worked hard to ensure that all projects are delivered within the agreed affordability cap.

With Hubco now having now completed the construction of 15 facilities, we are able to point to an evidence base clearly showing that all Hubco projects are delivered to the agreed budget, giving participants the confidence when they sign a contract with Hubco, that they will have the project delivered within the anticipated price.

Supply Chain

97% of Hubco Supply Chain partners have signed up to the Supply Chain Charter which embraces the principles of partnering and we, where relevant, have welcomed new Supply Chain Partners with whom Participants were already working.

We have 23 architects, 19 engineers and 15 engineers on the supply chain, so we have the resources at hand to help Participants. We have also worked well with supply chain partners with whom the Participant was already engaged, to further develop projects. All members of our supply chain sign up to Hubco's Supply Chain Charter.

Recognising that Participants have published their Strategic Delivery Plan for the next four years, Hubco will ensure that its supply chain continues to provide the best fit for Participants' needs, with the capabilities and capacity to deliver quality, value for money projects.

Quality

100% of Quality Targets have been met on our completed projects and the Quality Audits of our Supply Chain partners have confirmed their adherence to their Quality Systems.

In terms of design quality, this is measured by the Design Quality Indicator (DQI) procedure, or Achieving Excellence Design Evaluation Toolkit (AEDET) in the case of NHS projects.

With regard to construction, quality is measured in relation to lack of defects, as well as user satisfaction – all captured in Post Project Reviews.

We also monitor our supply chain and conduct regular quality audits to ensure they are complying with quality related issues.

As a sign of our commitment to Continuous Improvement, we will reinforce the quality aspects with additional resources next year.

Programme

All but one of Hubco's completed facilities have achieved or bettered their agreed completion dates with our Strategic Support Partnering Services adding further certainty to project delivery. Indeed in the case of Tranent Health Centre the facility was handed over three weeks ahead of schedule.

We offer a pragmatic set of solutions and disciplines to ensure that wherever practical, all development programmes are met.

However, delivering community infrastructure is a complex matter and there are many factors that need to be considered which can cause delays to project delivery. Hubco remains committed to helping Participants to find ways to identify these issues early and find effective and efficient ways of minimising risk.



Results : Abstract of Accounts

The following information is extracted from the Annual Report and financial Statements for the year to 31 March 2014.

The loss for the year amounted to £206,027. The Directors do not recommend payment of a dividend in respect of the period. It should be noted that at the time of print the financial Statements are still to be signed off by the board of directors, and are therefore draft, although no changes are expected.

A summary of the financial performance is as follows:

Profit & Loss Account	£000s
Turnover (development fees and payments related to D&B contracts)	16,782
Cost of Sales (Includes payments to D&B contractors)	(15,980)
Gross Profit	802
Admin Expenses	(978)
Net Interest Payable (mainly on Shareholders Working Capital Loans)	(30)
Loss for Period	(206)

Balance Sheet	£000s
Total Assets	2,923
Current Liabilities	(2,848)
Total Assets less current Liabilities	75
Long Term Liabilities	(700)
Net Liabilities (Note 1)	(625)

Note 1

Whilst the loss for the period has resulted in a negative Net Asset position under a strict interpretation of the Accounts, two key matters need to be considered. Firstly, £700,000 of the company's liabilities are owed to Shareholders under the terms of the working capital Loans, which should, in reality be considered quasi capital. Secondly, the company has access to a further £300,000 working capital Loans, which if drawn down would further bolster the cash and asset position.

The Directors are satisfied with the financial position and outlook for the company.

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